

REMARKS

Favorable reconsideration of the pending claims is respectfully requested in view of the above amendments and the following remarks. This Amendment and Reply, which accompanies a Request for Continuing Examination (RCE), is responsive to the final Office Action mailed October 3, 2006. A Petition for Extension of Time of one month and the requisite fee also accompany these materials, extending the shortened statutory period for response to **February 3, 2007**. The February 3 deadline occurred over a weekend and is thus extended until **February 5, 2007**. The RCE and this Amendment and Reply are therefore timely filed.

Claims 1-13, 15, 17-30, 32-34, 36-58 and 68-77 were pending and finally rejected. Claims 78-85 have been added and claim 26 has been canceled. Claims 1-13, 15, 17-25, 27-30, 32-34, 36-58 and 68-85 are currently pending and under consideration; Claims 1, 42, 68, 75 and 79 are in independent format.

Claim 1 has been amended to recite an automated marketing method implemented using a host controller system *administering a plurality of marketing programs*; to state that the point of transaction is *remote* from the host controller system; and to specify, *inter alia*, the steps of *identifying a program matrix rules module associated with the at least one marketing program upon validation of eligibility of an identifier for participation in a marketing program*; performing a rate calculation processing step *at the host controller system* to determine eligibility for an award; assigning an award to the user *at the host controller system* if an award criterion for determining eligibility is satisfied; and communicating information relating to delivery of an award or an updated award status *from the host controller system to the point of transaction*. These features are described in the specification, for example, at paragraphs 17-18, 22-26, 71-76, and throughout the specification as filed.

Claims 3, 4, 5, 7, 9, 11, 13, 15, 17, 20, 21, 22, 30, 32, 33, 40, 51, 53, 55, 56, 57 58, 69, 70, 72, 73, 75 and 76 have been amended to provide consistent claim terminology and proper antecedent bases, to correct minor grammatical errors, and to clearly state that various activities take place at the host controller and various information is communicated from the host controller to a remote location or point of transaction. Claims 18, 19 and 39 have been amended to clearly state *storing and* accessing user behavior historical information and user demographic

information, and *storing and* analyzing data, respectively. Storage of such information is described in the specification as filed, for example, at paragraphs 22 and 23. Claim 27 has been amended to depend from claim 22 as a consequence of the cancellation of claim 26.

Claim 42 has been amended to more clearly recite an automated marketing system comprising a host controller system that communicate with a *remote* point of transaction device over a network interface *during the course of a transaction* and to clearly recite the capabilities of the host controller system. Although the host controller system communicates with a remote point of transaction device during the course of a transaction, the communication itself and the remote point of transaction device are not claimed elements or features. Claims 43-46 have been amended to depend from method claim 1 and to clearly state method recitations. Claims 69 and 70 have also been amended to depend from independent claim 1.

Independent claim 68 has been amended to specify, *inter alia*, determining eligibility for participation in at least one marketing program among a plurality of programs implemented by the host controller, determining eligibility for an award by applying program matrix rules corresponding to the marketing program, and selecting at least one award from among multiple awards based on predetermined award priorities if eligibility for multiple awards is determined. These aspects of applicants' claimed invention are described in the specification, for example, at paragraphs 17, 18, 20, and throughout the specification as filed. Claim 73 has been amended to eliminate duplicative language in light of the amendment to claim 68 and to recite acquiring a transaction payment identifier, wherein the user identifier and the transaction payment identifier are acquired in a single examination of an identifying object. This aspect of applicants' claimed invention is described in the specification, for example, at paragraph 34.

Independent claim 75 has been amended to provide clarifying and consistent claim terminology and to specify that the unique user identifier and financial account information are acquired by examination of an identifying object. This aspect of applicants' claimed invention is described in the specification, for example, at paragraph 34.

Claims 78-85 are new. Claim 78 depends from independent claim 51 and recites updating the award balance associated with the user identifier to reflect an award redemption. This aspect of applicants' claimed invention is described in the specification as filed, for

example, at paragraph 36. Independent claim 79 recites an automated marketing system comprising, *inter alia*, a host controller that communicates with a point of transaction device over a network interface during the course of a transaction, wherein the host controller comprises a plurality of program matrix rules modules for implementing a plurality of marketing programs, and the host controller is capable of validating eligibility to participate in a marketing program, performing a rate calculating processing step applicable for the marketing program; selecting a single award or multiple awards from among qualified awards. These aspects of applicants' claimed invention are described in the specification, for example, at paragraphs 17, 18, 20, and throughout the specification, as filed.

Newly added claim 80 recites a system in which at least one marketing program is associated with a plurality of merchant identifiers to join multiple merchants in a coordinated marketing program. This feature of applicants' claimed invention is described in the specification, for example, at paragraph 31. Newly added claim 81 recites a system in which the host controller is capable of validating the eligibility of the user to participate in multiple marketing programs involving multiple merchants. Newly added claim 82 recites a system in which the host controller is capable of validating the eligibility of the user to participate in at least one marketing program based on recognition and validation of more than one unique customer identifier. These features of applicants' claimed invention is described in the specification, for example, at paragraph 32.

Newly added claim 83 recites a system in which the host controller is additionally capable of updating user and merchant databases with information obtained from each transaction. This feature of applicants' claimed invention is described in the specification, for example, at paragraph 16. Newly added claim 84 recites a system in which the host controller is additionally capable of storing data relating to users, merchants and user behaviors. This feature of applicants' claimed invention is described in the specification, for example, at paragraph 22. Newly added claim 85 recites a system in which the host controller is additionally capable of receiving a redemption inquiry, accessing an award balance associated with the user identifier and determining whether an award balance associated with the user identifier satisfies inquiry.

This feature of applicants' claimed invention is described in the specification, for example, at paragraph 36.

It is urged that there is a clear basis in the application, as filed, for the claim amendments and the newly added claims and that no new matter has been introduced. Entry of these amendments and newly added claims is respectfully requested.

Claim Rejections – 35 USC § 103

Postrel

Claims 1-4, 6-12, 17-27-32, 39-53, 55-62, 68, 69, 71-73 and 75-77 are rejected under 35 U.S.C. 103(a) as being unpatentable over Postrel (US 20040098317). This rejection is respectfully traversed, particularly in view of the above amendments and the following remarks.

Applicants note that the priority date of the parent application of Postrel predates applicants' priority date. Applicants have elected to treat Postrel as a valid 103(a) reference for purposes of this response. Applicants do not, however, concede or acquiesce in the availability or validity of Postrel as a 102(e) or 103(a) reference and specifically reserve the opportunity to eliminate Postrel as a valid prior art reference during the course of this or any related prosecution.

Postrel relates to electronic bartering systems and relates specifically to pooling or aggregation of points from multiple, pre-existing reward program accounts, redemption, and account reconciliation between the reward issuer, the intermediate trading server/system, and the merchant. Specifically, awards issued by administrators of various programs (e.g. an airline reward server, a credit card reward server, and a marketing reward server) using identifiers provided, for example, on branded cards (illustrated in Fig. 2), which ordinarily might be aggregated in an account record (illustrated in Fig. 3), are instead aggregated from the multiple sources to a *trading server*, which serves as an intermediate between a user having an aggregated point account and a redeeming merchant. The redemption process involves the user requesting processing for redemption of pre-accumulated award points via a user computer, a trading server computer obtaining reward points from a reward server associated with a rewarding entity and

deducting the points desired to be redeemed from the account on the reward server while conveying consideration to the trading server computer, which adjusts the reward exchange account of the user and allows the user to purchase an item from an associated merchant computer.

The airline reward servers and credit card reward servers, as described by Postrel, use cards such as those shown in Fig. 2, which are co-branded cards linked to rewards programs. Co-branded cards are known, and programs in which points are accumulated based on credit transactions are known. The rewards programs are administered by the airlines, phone companies, credit card issuers, and the like. *See, e.g.,* Postrel paragraphs 12, 15, 29. These rewards programs are administered by and maintained on the marketing reward servers and are *not* part of Postrel's point aggregation, conversion and redemption system. It is entirely unknown, based on the disclosure of Postrel, how the rewards programs are administered; how they acquire information from participants (other than through co-branded cards); what type of information is acquired to verify eligibility for a rewards program; how rewards are determined and issued; where rewards are delivered; and how credit transactions are processed.

The trading server of Postrel serves as a intermediary between a user and one or more of the user's points awarding facility(ies) to aggregate points from multiple awards programs or servers; the trading server also serves as a facilitator between a user and a merchant for (aggregated) point redemption. Numerous system features are implemented using this system architecture. In connection with its redemption functions, the Postrel trading server provides award conversion to a common currency, if desired. The trading server may additionally store and perform redemption functions according to certain user preferences, if desired. Points may be aggregated on and redeemed using a smart card or credit, debit or stored value card, for example.

The use of an intermediate trading server in an award redemption system to aggregate points and awards from various independent reward entities and reward systems, as taught by Postrel, is difficult to establish and maintain because, to be effective, the trading server must interface effectively with multiple reward servers, as well as multiple merchant server systems. Airline reward servers, credit card reward servers, and marketing reward servers, which make

awards pursuant to various, separately administered awards programs, and merchant servers, are rarely compatible and use different types of operating systems, which makes the use of a trading server that interfaces and exchanges information across the various systems difficult to implement at best. Postrel's trading server and point aggregation and redemption scheme does not administer marketing programs and apply marketing program rules to determine eligibility for awards, or assign or issue awards. Rather, a plurality of separately administered reward servers interfaces with the trading server to provide the award eligibility and award issuance function.

In general, applicants' claimed systems and methods provide integrated, centralized administration of multiple awards programs, including communication of essential information between a point of transaction, where information relating to a unique user identifier, a unique merchant identifier and a user behavior is acquired, and a host controller system administering a plurality of marketing programs. The term "host controller," as used in applicants' claims, refers to all of the elements on the "other side of" the network interface from the point of transaction, including the operating system, various (optional) software modules, various databases, data management, storage and retrieval functions, and the like, required to administer multiple marketing programs.

Various activities, such as determinations of eligibility to participate in one of the marketing programs administered by the host controller, identification of program matrix rules associated with a relevant marketing program, determinations of eligibility for and issuance of awards based on application of the program matrix rules, maintenance of award balances and award redemption and accounting functions, may be performed *at the host controller system*. Applicants' methods and systems thus involve interfacing a point of transaction with a host controller system that is capable, in various embodiments, of administering multiple marketing programs having different participant eligibility rules, different rewards rules and levels, different sponsors, and the like. The host controller, according to various embodiments, manages and oversees user eligibility, assigns awards, maintains award balances, manages and oversees award redemption, and performs the accounting functions required to reconcile awards and award redemptions. Neither Postrel nor the other prior art references of record discloses a host

controller system capable of performing these disparate steps and communicating with a remote point of transaction.

We submit that applicants' independent claims 1, 42, 68, 75 and 79 are clearly allowable over the prior art of record and our comments and arguments will focus on these claims. In determining the differences between the prior art and the claims, the question under 35 U.S.C. 103 is not whether the differences themselves would have been obvious, but whether the claimed invention *as a whole* would have been obvious. MPEP 2141.02 and precedents cited therein. To reach a proper determination under 35 U.S.C. 103, the examiner must step backward in time and into the shoes worn by the hypothetical "person of ordinary skill in the art" when the invention was unknown and just before it was made. Applicants' priority patent application was filed in August, 2000, and the Examiner must return to this time to ascertain the meaning and patentability of applicants' claims. Knowledge of applicant's disclosure must be put aside in reaching this determination, yet kept in mind in order to determine the "differences," conduct the search, and evaluate the "subject matter as a whole" of the invention. The tendency to resort to "hindsight" based upon applicants' disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art. MPEP 2142 and precedents cited therein.

The Examiner relies on Postrel, Figs. 2, 4, 5 and 6 for disclosure rendering applicants' independent claims 1 and 42 obvious. The system of Postrel, however, as illustrated and described, does *not* utilize a host controller system or any other system that performs the functions specified in applicants' claims. Claim 1 specifies, *inter alia*, an automated marketing method implemented using a host controller system administering a plurality of marketing programs and involves acquiring a unique user identifier, a unique merchant identifier, and a user behavior identifier at a point of transaction remote from the host controller system. Applicants' claim 1 further specifies communicating each of these identifiers to the host controller system, validating at least one identifier to determine eligibility for participation in at least one marketing program, and identifying a program matrix rules module associated with the at least one

marketing program. A rate calculating processing step associated with the program matrix rules module is performed at the host controller system, an award is assigned to the user at the host controller system when a preselected award criterion is satisfied, and this information is communicated from the host controller system to the point of transaction. The trading server of Postrel, which is the only element applicants perceive *could* be interpreted as the claimed host controller system element, *does not* perform these functions and *could not*, in the scheme of the Postrel system, perform these functions.

The rationale to modify or combine the prior art does not have to be expressly stated in the prior art; the rationale may be expressly or impliedly contained in the prior art or it may be reasoned from knowledge generally available to one of ordinary skill in the art. *See*, MPEP 2144 and citations referenced therein. Applicants' claimed invention, viewed as a whole, is *not* obvious in view of the disclosure of Postrel. It is submitted that applicants' automated marketing methods as recited in claim 1 and the claims dependent therefrom, implemented using a host controller system administering a plurality of marketing programs, is *not* disclosed or suggested by, or rendered obvious in view of Postrel. Only with the impermissible application of hindsight, having understood the features and advantages disclosed in applicants' specification, would one arrive at applicants' claimed methodology.

Applicants' claim 42 recites an automated marketing system comprising a host controller system capable of performing a plurality of steps, including performing a rate calculating processing step to determine the eligibility of the user, the merchant and the user behavior for an award based on a preselected set of criteria stored in the program matrix rules module and specifies, *inter alia*, that the host controller system incorporates *at least one user demographic information database*, and is capable of associating the user identifier with *additional user demographic information* and validating the eligibility of the user to participate in at least one marketing program based on the user identifier and/or the additional user demographic information.

The Examiner acknowledges that Postrel does not explicitly disclose utilizing user demographic information, but states that Postrel does disclose utilizing user account information, user credit card information, user smart card information, user registration/name/login

information and user profile and preference account information. The Examiner recognizes that none of this information constitutes demographic information as claimed by applicants but states that one would have been motivated to use demographic information to “better present the user content of interest.” It is difficult for applicants to imagine that one of ordinary skill in the art would incorporate user demographic information to “better present” user content to the user or the trading server and, in any event, the trading server of Postrel does not perform the steps required to be performed by the host controller system as described in applicants’ claim 42.

“Demographic information” is not defined in applicants’ specification and the term, consequently, will be interpreted using extrinsic information as one of ordinary skill in the art would interpret that term. “Demographic information” is a well known term with a well-known meaning in marketing applications. Wikipedia, the free on-line encyclopedia, provides the following information:

A demographic or demographic profile is a term used in marketing and broadcasting, to describe a demographic grouping or a market segment. This typically involves age bands (as teenagers do not wish to purchase denture fixant), social class bands (as the rich may want different products than middle and poorer classes and may be willing to pay more) and gender (partially because different physical attributes require different hygiene and clothing products, and partially because of the male/female mindsets).

A demographic profile can be used to determine when and where advertising should be placed so as to achieve maximum results. In all such cases, it is important that the advertiser get the most results for their money, and so careful research is done to match the demographic profile of the target market to the demographic profile of the advertising medium.

A good way to figure out the intended demographic of a television show, TV channel, or magazine is to study the ads that accompany it. For example, in the United States the television program *The Price is Right* most frequently airs from 11 a.m. to Noon. The commercials on it (besides the use of product placement in the show itself) are often for things like arthritis pain relievers and diapers. This indicates that the target demographics are senior citizens and parents with young children, both of which would be home at that time of day and see that show. Another example would be MTV, for it has many ads with condoms and digital audio players indicating that the channel is targeted to young adults and teenagers and/or fans of music.

This is precisely how the term demographic information is used in applicants’ specification and claims. Applicants do *not* discern that Postrel’s disclosure contemplates or suggests the use of this type of demographic information. Postrel certainly doesn’t contemplate or suggest using user demographic information as a basis for validating the eligibility of the user to participate in at least one marketing program.

Use of user demographic information, as recited in applicants' claimed methods and systems, facilitates targeted marketing and provides more effective overall marketing. Various merchant marketing program sponsors may want to target specific demographic groups with various types of marketing programs and rewards and may, for example, apply various arms of marketing programs to specific demographic groups at various times. Applicants' claimed marketing methodology and system is especially useful for this type of directed, target marketing because the host controller system hosts program matrix rules modules associated with a plurality of marketing programs, performs rate calculation and assigns awards. Program matrix rules modules may be easily modified to target various demographic groups with various marketing programs and incentives. These features are not disclosed or suggested by Postrel and would not be obvious in view of Postrel.

Applicants' independent claim 68 recites an automated marketing method implemented using a host controller comprising, *inter alia*, selecting at least one award from among multiple awards based on predetermined award priorities if eligibility for multiple awards is determined. Independent claim 79 specifies an automated marketing system in which, among other things, the host controller is capable of selecting a single award, or multiple awards from among qualified awards based on predetermined award priorities. Independent claim 75 specifies an automated marketing method comprising, *inter alia*, acquiring the unique user identifier and financial account information by examination of an identifying object, forwarding each of the identifiers and the transaction data to the host controller system and forwarding the transaction data and financial account information to an institution for payment authorization. Applicants submit that these systems and methods are *not* obvious in view of Postrel.

The Examiner cites numerous references in Postrel that allegedly disclose various features of the methods and systems as recited in applicants' dependent claims. Although some of the individual features recited in applicants' claims are disclosed in Postrel, there is no disclosure or suggestion of applicants' methods and systems as recited in applicants' independent claims and there is no disclosure or suggestion of the combination of features recited in applicants' pending claims. Applicants perceive no motivation in the prior art to modify the system of Postrel to arrive at applicants' claimed methodologies and systems, and the Examiner

has not provided any reasonable motivation. Impermissible hindsight must be avoided and the legal conclusion of obviousness (or lack thereof) must be reached on the basis of the facts gleaned from the prior art and the level of skill in the art at the time of the invention. It is submitted that the prior art cited by the Examiner does *not* render applicants' pending claims obvious in the manner required by 35 U.S.C. 103.

It is urged that applicants' pending claims are allowable over Postrel and that the outstanding rejection must be withdrawn.

Postrel in view of Eggleston

Claims 5, 54, 66, 70 and 74 are rejected under 35 U.S.C. 103(a) as being unpatentable over Postrel (2004/0098317) in view of Eggleston (6,061,660). Applicants note that claim 66 was canceled previously and traverse this rejection as it applies to pending claims 5, 54, 70 and 74.

Claim 5 relates to an automated marketing method in which information relating to printing an award or updated award status condition is printed on a transaction receipt generated at the point of transaction. Claim 54 relates to an automated marketing method implementing multiple marketing programs selected from the group consisting of: award multiplier programs; swipe and win programs; gift certificate programs; coupon programs; and instant win programs. Claim 70 relates to additionally determining eligibility for an instant win benefit and communicating information relating to the instant win benefit from the host controller to the location remote from the host controller, and claim 74 relates to additionally delivering a statement to the point of transaction having a personalized message relating to a user's account.

Eggleston relates to incentive program and award systems implemented using a computer network, e.g. the Internet, to provide user access to expanded incentive offerings. In the Eggleston system, a consumer computer, a sponsor computer, and a retailer computer are connected to a host computer. (See, Fig. 2.) The host serves as a go-between between the user and disparate incentive programs provided by the host or third parties and is, essentially, an incentive program aggregator. Following registration on the host computer, a card may be provided to the user reflecting a user identification and password for identify and award

verification. A variety of incentive programs may be hosted by the host computer, and prizes may be awarded in a variety of currencies.

The passage referred to by the Examiner with reference to Claim 5 describes an award redemption procedure in which a consumer presents a card or a promotional item to a participating retailer to verify eligibility for a prize, the retailer determines if the consumer is eligible for the prize and, if so, the retailer prints a receipt for the prize, which the consumer signs. The receipt, signed by the consumer, provides verification that the prize was received by the consumer.

Eggleston does not overcome the deficiencies of Postrel with respect applicants' independent claims 1 and 68. Applicants do not perceive any combination of Eggleston with Postrel that would suggest applicants' claimed automated marketing methods or that would, in the context of applicants' claimed methods, provide information relating to award eligibility or an updated award status condition at the point of transaction, as specified in applicants' claim 5.

The Examiner refers to Fig. 20 of Eggleston for disclosure of random prizes and a variety of award schemes. Fig. 20 describes various parameters that may be used in building incentive programs. The existence of these parameters and the existence of various types of marketing programs does not, it is submitted, overcome the deficiencies of Postrel with respect to claim 1. Applicants do not perceive any combination of Eggleston with Postrel that would suggest applicants' claimed automated marketing method or that would, in the context of applicants' claimed method, determine eligibility for participation in multiple types of marketing programs, as specified in applicants' claim 54.

Applicants submit that their automated marketing methods, as recited in claims 5, 54, 70 and 74, are not suggested by any combination of Postrel and Eggleston, nor would they be obvious to one of ordinary skill in the art in light of the teachings of Postrel and Eggleston.

Postrel in view of Bednarek

Claims 13-15 and 63-65 were rejected under 35 U.S.C. 103(a) as being unpatentable over Postrel (20040098317) in view of Bednarek (20050251440). Applicants note that claims 14 and

63-65 were canceled previously. This rejection is respectfully traversed as it applies to pending claims 13 and 15.

Bednarek discloses a computer-implemented incentive program that awards points according to a first program, and adjusts the redemption rate associated with a particular participant in response to a participant action. The incentive program may be applied to transportation, financial services and computer gaming. Awards are treated as base points that are multiplied by the customer's redemption rate, which may be increased or reduced based on a participant's activities.

Bednarek does not overcome the deficiencies of Postrel with respect to applicants' independent claim 1. Applicants do not perceive any combination of Bednarek with Postrel that would suggest applicants' claimed automated marketing method or that would, in the context of applicants' claimed method, provide implementation of an award accelerator program as specified in pending claim 13 and an award decelerator program as specified in pending claim 15.

Applicants submit that their automated marketing methods, as recited in claims 13 and 15, would **not** be obvious in view of any combination of Postrel and Bednarek.

Postrel in view of Bednarek and Fitzpatrick

Claims 33, 34 and 36-38 were rejected under 35 U.S.C. 103(a) as being unpatentable over Postrel (20040098317) in view of Bednarek (20050251440) in view of Fitzpatrick (20020046138). Applicants note that Fitzpatrick's filing date is subsequent to applicants' priority date and that the Fitzpatrick publication is a valid prior art reference to the extent that its priority application made sufficient disclosure. Applicants treat Fitzpatrick as a valid prior art references for purposes of this response but don't concede or acquiesce in the availability or validity of Fitzpatrick as a 103(a) reference. This rejection is respectfully traversed.

Claims 33-38 relate to calculating a program fee for each award assigned and charging an account of a marketing program sponsor for each program fee (claim 33); amplifying successive program fees for successive awards (claim 34); charging a flat fee to a marketing program sponsor (claim 36); charging a percentage of the transaction amount to a marketing program

sponsor (claim 37) and charging a percentage of the award value to a marketing program sponsor (claim 38), all in the context of applicants method as specified in claim 1. Fitzpatrick discloses various fees and payment mechanisms for program expenses. Paragraph 110 relates to customers (e.g. employers, business entities having customers, etc.) who choose program awards and award categories for distribution to program participants.


Bednarek and Fitzpatrick do not overcome the deficiencies of Postrel with respect to applicants' claim 1 and the claims dependent thereon. Applicants do not perceive any combination of Bednarek and Fitzpatrick with Postrel that would suggest applicants' claimed automated marketing methods or that would, in the context of applicants' claimed method, calculate program fees in the manner specified in pending claims 33, 34 and 36-38.

Applicants submit that their automated marketing methods, as recited in claim 33, 34 and 36-38 would *not* be obvious in view of any combination of Postrel and Bednarek and Fitzpatrick.

Conclusion

In view of the above amendments and remarks, applicant believes that pending claims 1-13, 15, 17-25, 27-30, 32-34, 36-58 and 68-85 are in condition for allowance. Early consideration and allowance of all the pending claims are respectfully requested.

Respectfully submitted,



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